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November 30, 2007

Via Facsimile and First Class Mail

Jack Gould, Esq  
Office of the General Counsel  
Federal Election Commission  
Washington, D C 20463RECEIVED  
FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL

2007 NOV 30 A 9 30

Dear Mr Gould,

The undersigned represent Sheldon S Sollosy This is in response to your letter to Mr Sollosy dated November 5, 2007 notifying him of your internally generated investigation of a possible violation of 2 U S C § 441f by accepting money to make a campaign contribution In a subsequent telephone conversation you clarified that your investigation concerns a \$1,000 payment by Joseph Solomon to Mr Sollosy who made a \$1,000 contribution to the Whitehouse for Senate Committee

**BACKGROUND**

Mr Sollosy is a respected member of the Rhode Island business community who voluntarily served many business related organizations, such as the Chamber of Commerce, and many community organizations, such as the Providence Public Library board where he helped to increase funding and expand services, the Jewish Home for the Aged, and Big Brothers of Rhode Island Until his retirement, he was active in Rhode Island politics working to insure that the views of businesspeople were heard His activities were described by the president of the New England Institute for Technology as being instrumental in bringing labor and business together to create a state workers' compensation fund, and he was known as a bridge builder between people with opposing viewpoints

Mr Sollosy and his wife Gladys opened the state's first temporary employment agency, Manpower, Inc in 1954 He retired in June 2003 and is now 81 years old He was appointed by

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successive governors to and served as chairman of the board of The Beacon Mutual Insurance Company from 1994 until he was forced to resign by the new governor in February 2006

Beacon is a mutual insurance company chartered by Rhode Island, and its activities are limited by Rhode Island statute. It was formed in 1990, in response to the worker's compensation crisis, to be a competitive insurance carrier. Beacon's charter was modified in 1992 to include Beacon's responsibilities as the insurer of the market of last resort for worker's compensation in Rhode Island, in addition to its original charter. Five of its nine directors are appointed by the governor and its activities are overseen by the Department of Business Regulation.

Mr. Sollosy met Mr. Solomon when he joined Beacon in 1993. Mr. Solomon became President and Chief Executive Officer of the Beacon Mutual Insurance Company. Mr. Sollosy and Mr. Solomon worked closely together and became close friends. In the early 1990's, now-Senator Sheldon Whitehouse was the director of the Department of Business Regulation, which oversaw Beacon's activities. Consequently, Mr. Sollosy and many of the other directors and officers of Beacon met and worked with Mr. Whitehouse to solve the worker's compensation crisis. By all accounts, The Beacon Mutual Insurance Company was very successful under Mr. Sollosy's chairmanship.

In 2002, now-Senator Whitehouse lost the governor's race, and the political party controlling the State House changed. Mr. Sollosy and many other Beacon directors appointed by the previous governor publicly supported the new governor's opponents and opposed many of the new Governor's legislative recommendations. The new administration instigated a series of investigations of Beacon, and Mr. Sollosy resigned from the board of directors on February 2, 2006.


### CONTRIBUTION TO THE WHITEHOUSE CAMPAIGN

Mr. Sollosy knew Mr. Whitehouse for a decade before he ran for the Senate in 2006 and was impressed with his abilities and accomplishments, particularly as the former director of the Department of Business Regulation. Mr. Sollosy has been personally friendly with Mr. Whitehouse for years. During 2005, Mr. Sollosy was solicited for a contribution by the Whitehouse campaign, and he decided to contribute. Mr. Solomon gave Mr. Sollosy \$1,000 for the contribution, and he contributed \$1,000 to the Whitehouse for Senate committee. Mr. Sollosy has no specific recollection of the circumstances surrounding Mr. Solomon's gift, including why he accepted the funds. At the time, Mr. Sollosy did not give any thought to the consequences of the gift, and he certainly did not believe that it was illegal to accept the \$1,000 from Mr. Solomon. He did not think about this matter until recently when questions were raised concerning the legality of his contribution to the Whitehouse campaign. He now realizes that it was improper to accept funds from someone else in order to make a contribution, and on August 6, 2007, he *sua sponte* returned the \$1,000 to Mr. Solomon.

**DISCUSSION**

There is nothing to be gained by naming Mr Sollosy as a respondent in a Matter Under Inquiry Mr Sollosy was solicited by the Whitehouse campaign and decided to make a contribution based on his personal knowledge of, and friendship with, the candidate The use of someone else's funds to make a contribution occurred once, and although Mr Sollosy now knows that it was improper, he did not believe that it was improper at the time he made the contribution He returned the \$1,000 when this issue was brought to this attention Considering Mr Sollosy's current age, retirement status, and the reputation he has earned within the community, merely naming him as a respondent in a Commission investigation would be an unnecessary hardship In cases with similar circumstances after an investigation, the Commission has a history of not finding probable cause to believe a violation has occurred For example, in MUR 5666, the Commission's most recently reported case of a 2 U S C 441f violation, the Commission found knowing and willful violations – which is not present here – but dismissed the complaint against the conduit contributors In light of Mr Sollosy's age and retirement, the small amount involved, the unintentional nature of the violation, the fact that Mr Sollosy now knows that his actions were improper and will not repeat this mistake as evidenced by the return of the funds, and the Commission's recent decision to dismiss the complaint against conduit contributors, no investigation is necessary Accordingly, we ask you to exercise your discretion and not name him as a respondent in this internally generated matter

Sincerely,



Stephen E Hershkowitz  
Neil Reiff